

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-537

April 21, 1999

PUBLIC UTILITIES COMMISSION
Inquiry Into the Information
Needs of Standard Offer Providers

ORDER ADOPTING WORKING
GROUP REPORT ON
STANDARD OFFER
INFORMATION NEEDS

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

In this Order, we adopt the report filed by Maine's Standard Offer Information Working Group entitled "Information Needs of Standard Offer Bidders and Providers."

On February 11, 1998, the Commission provisionally adopted Chapter 301 (Standard Offer Service). Chapter 301 governs the terms of standard offer service for electric generation and establishes a methodology for selecting standard offer providers.¹ Sections 6(A), 6(B)(1) and 6(B)(2) of Chapter 301 identify the type of data that utilities will provide to standard offer bidders to promote the lowest-cost bids. Section 6(B)(5) states that utilities must provide all information in electronic format. However, the Rule does not specify the precise content and format of the data. Rather, Section 6(B)(6) provides that the Commission will conduct a proceeding to determine the scope, detail and format of the information utilities will provide to standard offer bidders.

On August 19, 1998, the Commission issued a Notice of Inquiry in Docket No. 98-537 (Inquiry into the Information Needs of Standard Offer Providers). The Notice stated the Commission's intent to examine the precise scope, content and format of information that utilities would provide to potential standard offer providers and to actual providers on an ongoing basis. Through the Notice, the Commission initiated a statewide working group to provide it with recommendations as to information needs and calculation methods. To inform the group's recommendations, the Notice requested comments from interested persons on questions concerning customer usage data and undercollected revenue treatment. The Notice directed the working group to present its recommendations in a report to the Commission. The Commission specified its intent to consider the report, to allow input from interested parties, to direct changes if necessary, and to adopt, as appropriate, the resulting report contents.

On November 19, 1998, the Commission issued a Request for Additional Comments to further explore the treatment of costs associated with late or uncollected bill payments. Subsequently, the need for utilities to provide such information to

¹The Rule was finally adopted on April 22, 1998, after legislative review.

bidders was negated by an amendment to Chapter 301 that removes the risk of uncollectible expenses from standard offer providers.²

The Standard Offer Information Working Group met on several occasions and developed its recommendations through collaboration. The Working Group consisted of Bangor Hydro-Electric Company, Central Maine Power Company, Dirigo Electric Cooperative, Energy Atlantic, Great Northern Paper, the Maine Public Utilities Commission Staff, Maine Public Service Company, and MainePower.

On March 11, 1999, the Working Group filed its report, entitled "Information Needs of Standard Offer Bidders and Providers." On March 12, 1999, the Commission issued a Request for Comments on the report. No comments were filed.

The Working Group failed to reach consensus on the issue of providing predicted loads to standard offer providers. The report states that providers wish to receive predicted loads for utilities to adequately plan supply; the utilities, however, state that such predictions would be inaccurate and costly to develop. (*Report* at 8-9) The report also notes that other states do not provide for predicted loads. Upon review, we conclude that the benefit providers would receive from potentially inaccurate data does not justify the cost of providing that data with respect to smaller customer loads. Utilities should provide after-the-fact data as described in section 4 on page 8 of the report. In addition, we adopt the suggestion on page 9 of the report that utilities inform providers of pending enrollments or drops when the customer's load exceeds 500 kW (or 400 kW in CMP's case).

On all other issues, we conclude that the scope, detail and format of the information to be provided pursuant to the Working Group report satisfies the purpose of section 6 of Chapter 301 that utilities make available to standard offer bidders information that is necessary and useful in establishing standard offer bids. We, therefore, adopt the Working Group report attached to this Order. Consistent with the report, utilities should submit information for standard offer bidders to the Commission on or before June 30, 1999, and provide the information to bidders pursuant to Chapter 301. Utilities should also provide information to standard offer providers beginning in March, 2000, pursuant to the Working Group report as modified pursuant to this Order.

Dated at Augusta, Maine, this 21st day of April, 1999.

BY ORDER OF THE COMMISSION

²The Commission proposed this amendment to the Legislature through a letter dated March 16, 1999, as part of the major substantive rule review process of amendments to Chapter 301.

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent

COMMISSIONER ABSENT: Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.

Information Needs of Standard Offer Bidders and Providers

Prepared by: Standard Offer Information Working Group

Version 1.0 Issued: 3/10/99

Information Needs of Standard Offer Providers

This report sets forth consensus recommendations developed by representatives of transmission and distribution (T&D) utilities, competitive electricity providers, and the Maine Public Utilities Commission staff. The recommendations fall into two categories: (1) information to be provided with the bid package to potential standard offer providers and (2) information to be provided daily to standard offer providers after March 1, 2000.

BACKGROUND

During its 1997 session, the Legislature passed legislation³ that will deregulate electric generation services and allow for retail competition on March 1, 2000. The Act requires that standard offer service will be available to all consumers of electricity. The Commission subsequently adopted Chapter 301 (Standard Offer Service) that establishes terms and conditions for standard offer service for electric generation and a methodology for selecting standard offer providers. The Chapter requires that a bid package be issued on or before August 1, 1999 and identifies information that must be included with the bid package.

Pursuant to Section 6(B)(6) of Chapter 301, the Commission opened an inquiry on August 19, 1998 (Docket No. 98-537), to determine the information that should be provided in the bid package, including precisely how that information should be calculated. The Commission established a statewide working group to define that data, taking into consideration the needs of potential standard offer providers and the data that currently exists at T&D utilities statewide. The Commission asked the working group to file its recommendations with the Commission for review, revision if necessary, and approval.

The working group consisted of Bangor Hydro-Electric Company, Central Maine Power Company, Dirigo Electric Cooperative, Energy Atlantic, Great Northern Paper, Maine Public Utilities Commission staff, Maine Public Service Company, and MainePower.

INFORMATION PROVIDED TO STANDARD OFFER BIDDERS

General Principles

The working group developed a general principle that influences decisions governing data provision to bidders. The principle is to give standard offer bidders raw data⁴ to the greatest extent practicable. Standard offer bidders are thereby given the

³An Act to Restructure the State's Electric Industry (the Act), P.L. ch. 316 codified as 35-A M.R.S.A. § 3201-3217.

⁴ "Raw data" is data that T&D utilities maintain as a regular practice. Examples are usage by utility rate class and load data unadjusted for weather.

opportunity to decide for themselves how best to manipulate the data to make it relevant to their bidding decisions. Standard offer bidders with the skill to anticipate relevant information needs will be advantaged by their ability to extract that information from the raw data. The alternative is for T&D utilities to manipulate data in manners determined by the working group, to lower providers' costs and risk of error.⁵ However, the group believes that bidders are best served if decisions are not made on their behalf. There are instances when the group has agreed to provide aggregated data pursuant to requirements of Chapter 301. In these instances, the raw data will still be provided to allow bidders to combine data in ways they consider to be more relevant to their bid decisions.⁶

In addition, as in all rules being developed for retail competition, the group has attempted to develop procedures that are consistent with regional operations, that can be implemented successfully within the necessary time frame, that do not cause unnecessary costs, and that facilitate provider participation in the standard offer bid process.

Finally, no individual customer data will be provided to standard offer bidders.

Billing Unit Data

1. Definition. "Billing units" are those measurements for which customers are billed. Examples are monthly kWhs, kWhs in time-of-use periods, maximum monthly kW, and "billing kW".
2. Use of Billing Units. Billing units will aid standard offer providers in estimating future revenue streams.
3. Background. Although standard offer rate structure (i.e., whether rates will include demand rates or time-of-use periods and what rate classes will be in effect) has not been determined, the group made some reasonable assumptions. First, standard offer rate classes will be identical to or aggregates of utility rate classes. Second, a standard offer rate structure will be identical to or simpler than the corresponding utility rate structure (e.g., a rate class whose structure charges a demand and an energy charge might have a standard offer structure that only charges for energy).
4. Customer Groups. Billing units will be provided by each utility's core rate classes, as follows:

⁵ For example, T&D utilities could weather normalize load data.

⁶ For example, T&D utilities will aggregate utility rate classes into standard offer rate classes. However, utilities will provide billing units by rate class because bidders may decide that customers from some rate classes are more likely to be served on standard offer service than others.

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- a. Core Rate Classes, Targeted Rates, and Individual Contracts. Core rate classes are rate classes that would comprise all a utility's rate classes absent rates or contracts developed pursuant to each utility's alternative rate plan. Targeted rates and individual contracts are rates developed under each utility's alternative rate plan. Targeted rates or individual contracts that were not approved under an alternative rate plan but that nonetheless serve the same purpose shall also be considered targeted rates or contracts.

It is possible that some utilities' rate class definitions will change on March 1, 2000, pursuant to decisions made in current rate design proceedings. The standard offer bidders will be given data by rate classes as they are currently defined, so that data provided is accurate. Standard offer bidders will be provided with definitions of current rate classes and of new (i.e., post-March 1, 2000) rate classes.

- b. Treatment of Targeted Rates and Individual Contracts. Data will be provided in the following aggregated groupings:
 - i. By core rate class, *without* targeted rates and individual contracts included.
 - ii. By targeted rate class.
 - iii. For all individual contracts combined. The T&D utility will determine the billing units in a way that most expeditiously represents the contracts included in the total.
 - iv. By core rate class, *with* data from targeted rates and individual contracts included in the core class to which they would otherwise belong.
5. Units of Measure. Data will be provided by month, and as annual totals. The billing units reported for a rate class shall be those billed under that rate class, as follows:
 - a. Number of customers in each core or targeted rate class
 - b. Monthly kWhs; or
Monthly kWhs by time-of-use period if applicable
 - c. "Billing kW"⁷; or
"Billing kW," by time-of-use periods if applicable

⁷The kW measurements used for billing may not equal the maximum measured kW in the relevant time period. For example, "billing kW" might differ from "measured kW" because of a ratchet provision or because a fixed factor is used for billing demand in each month.

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- d. "Billing kVar"
- e. Maximum monthly kW; or
Maximum monthly kW by the time-of-use periods that are billed.
- f. Any other measurement for which a rate class is billed.

It is possible that some utilities' billing unit definitions will change on March 1, 2000, pursuant to decisions made in current rate design proceedings. For example, a rate class that currently charges for three time-of-use periods might change to two time-of-use periods. In such cases, T&D utilities will calculate and provide billing units as they will be defined after March 1, 2000. The utility shall provide both the current data and the re-calculated data.

- 6. Aggregation by Standard Offer Rate Class. Billing units will be provided by standard offer rate classes as they are defined in Chapter 301. The billing units in a standard offer rate class will be calculated by adding the billing units in the core rate classes, targetted rates, and individual contracts that comprise the standard offer rate class.
- 7. Time Frames. Data will be provided for 1997, 1998, and the first four months of 1999. More than one year of data will be included so that standard offer bidders may compensate for anomalies such as the 1998 ice storm.
- 8. Adjustments for the Future. T&D utilities will describe significant events occurring in 1997 through 1999, or that are expected to occur in the future, that might make the provided billing units unrepresentative of future billing units. T&D utilities will describe only significant events and are not responsible for all possible reasons to adjust the data. The Commission will decide to what extent these descriptions should be included in the bid package.

Load Profile Data

- 1. Definition. In this report, a "load profile" is 8760 data points, representing hourly per-customer loads in one year. A profile is calculated to represent an average customer in a particular group of customers, such as residential customers.
- 2. Use of Load Profiles. Load profiles will aid standard offer providers in estimating future costs.
- 3. Background. Chapter 321 (Load Obligation and Settlement Calculations for Competitive Providers of Electricity) specifies that T&D utilities will maintain three profile groups for bulk power system administrator settlement operations: residential, small commercial/industrial, and large commercial/industrial. Customers larger than 500 kW (400 kW in CMP's case) will be telemetered.

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4. Customer Profile Groups. Load profiles will be provided by the three profile groups described in the previous section, using the precise definitions in Chapter 321. In general, T&D utilities currently calculate hourly load data aggregated by rate classes. T&D utilities will combine rate classes to create the three profile group load profiles. Bidders do not need profiles by rate classes, because their costs will not be determined by such profiles.

The hourly loads of customers with maximum loads greater than 500 kW (400 kW in CMP's case) shall be added and presented as a single aggregate profile. Presenting total load is reasonable because the diversity of customer loads makes a per-customer profile meaningless. Bidders will be provided with the number of customers added to create the aggregate profile.

Customers on targeted rate classes or individual contracts will be included in the appropriate profile group with all other customers on core rates. T&D utilities are currently including targeted classes and contracts in this manner, so no adjustment is likely to be needed.

5. Units of Measure. Data will be provided for 8760 hours in each year. T&D utilities will not adjust raw data to compensate for weather or any other factor. Providing all hours in the year allows bidders to examine loads at time periods (such as regional peak periods) that they estimate will affect their costs most significantly.
6. Time Frames. Data will be provided for 1997, 1998, and as much of 1999 as is available, if possible. More than one year of data will be included so that standard offer bidders may compensate for anomalies such as the 1998 ice storm. Many T&D utilities have not gathered load data from recent years; in this case, utilities will provide the most recent available two years of data (or one, if two years are not available) and will indicate the years when the data were gathered. T&D utilities will not adjust old data to represent recent years; bidders may make adjustments if they desire.
7. Adjustments for the Future. T&D utilities will describe significant events occurring in the years represented by the load profile data, or that are expected to occur in the future, that may make the provided profiles unrepresentative of future profiles. T&D utilities will describe only significant events and are not responsible for all possible reasons to adjust the data. The Commission will decide to what extent the descriptions will be included in the bid package.

Other Data

1. Credit and Collection Data. Section 6(A) of Chapter 301 specifies that credit, collection, and uncollectible data be provided to standard offer bidders. The Commission is currently reconsidering the extent to which standard offer

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providers will be exposed to collection risk. A decision that providers would not be subject to collection risk would obviate the need to provide any collection data. Therefore the group did not consider credit and collection data needs. The Report will be revised if necessary in response to the Commission's decision.

2. Coincident Peaks (CP) and Non-Coincident Peaks (NCP). Utilities' CPs and NCPs are not useful for standard offer bidders because the peak hours that might experience the largest price variability are the regions' peak hours, not the utilities' peak hours. Bidders may derive the peaks in hours that they believe to be important to their costs by examining the provided load profiles.

Data Formats

1. Billing Unit Data. Billing unit data will be provided on an Excel spreadsheet, on paper and on diskette. Months will be displayed in columns and rate classes will be displayed in rows.
2. Profile Data. Load profile data will be provided in EEI format, as an ASCII file, on diskette. EEI format is an industry standard for load data representation and therefore is likely to be useable by all T&D utilities and bidders.

Deadlines

T&D utilities shall provide all bid data to the Commission on or before June 30, 1999.

Updates after Bid Selection

T&D utilities shall provide 12 months of 1999 billing unit data to the standard offer providers in their service territory on or before January 15, 2000.

DAILY INFORMATION PROVIDED TO STANDARD OFFER PROVIDERS

1. Background. Customers will be assigned to standard offer by the T&D utilities. This will occur under two circumstances: (1) the customer registers a request for standard offer service with the T&D utility or (2) the customer chooses no competitive provider. In either case, the customer does not contact the standard offer provider, and the standard offer provider does not know the identity of its individual customers.
2. Electronic Business Transaction (EBT) Standards. Daily data exchange will occur using the EBT standards adopted by the Commission to govern interactions between T&D utilities and all competitive electricity providers.⁸ The

⁸ It is likely that consumer-owned utilities will follow alternative procedures approved by the Commission.

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EBT Standards will include transaction procedures that conform to the recommendations in this report.

3. Standard Offer Rate Classes. At the issue of this report, standard offer rate classes have not been determined with certainty. As discussed earlier, the Working Group assumes that standard offer rate classes will be aggregates of utility rate classes.
4. Data Provided Daily. T&D utilities will provide standard offer providers the following data, aggregated by standard offer rate class, on each business day that such data exists:
 - a. Number of customer. This data will allow the standard offer provider to track migration into and out of standard offer service.
 - b. Monthly kWhs billed, by the time-of-use periods defined for the standard offer rate class. This data will allow the standard offer provider to track its revenues.
 - c. Monthly kW billed, by time-of-use period if relevant, if demand is billed in the standard offer rate class. This data will allow the standard offer provider to track its revenues.
 - d. Hourly loads, as reported to ISO-NE or the equivalent entity in Northern Maine. This data will allow the standard offer provider to track its costs.
5. Predicted Loads. The data described in section 3 above are known usage and customer levels that occurred on the day for which they are reported. Thus, they are after-the-fact data. In order to plan supply purchases, a provider would prefer to receive predictions of load levels in the future month. The group did not reach consensus on whether T&D utilities should provide predictions of future load based on pending enrollments. Positions of the parties are:
 - a. The Provider: A prediction of load is necessary to adequately plan supply.
 - b. The T&D utilities: The prediction would be made by counting the impending potential enrollments (or lack of competitive provider enrollment) recorded on the utility's electronic system. Operationally, providing this count would be difficult and costly. It would be of limited value because any of the reported customers could choose a competitive provider before their next meter read, thereby making the prediction inaccurate.
 - c. MPUC staff representative: Other states do not provide the standard offer provider with predicted loads. The cost of calculation and the level of inaccuracy make it inadvisable to provide predicted loads.

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A possible approach is to give the standard offer providers a pending enrollment or drop and its associated annual load only in cases when the customer's load exceeds 500 kW (or 400 kW in CMP's case). The customer's identity would remain confidential. This approach would allow the provider to predict the most significant changes in load and would be operationally manageable for the utilities.

The Commission will determine this policy question and this Report will be revised if necessary to reflect the decision.